

108TH CONGRESS
2D SESSION

H. R. 3938

To establish an Office of Housing Counseling to carry out the responsibilities of the Department of Housing and Urban Development regarding counseling on homeownership and rental housing issues, to establish a toll-free telephone number to provide referral to entities providing such counseling, and to make grants to such entities for providing such counseling, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 11, 2004

Mr. NEY (for himself, Ms. VELÁZQUEZ, and Mr. SCOTT of Georgia) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To establish an Office of Housing Counseling to carry out the responsibilities of the Department of Housing and Urban Development regarding counseling on homeownership and rental housing issues, to establish a toll-free telephone number to provide referral to entities providing such counseling, and to make grants to such entities for providing such counseling, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Expanding Housing
3 Opportunities Through Education and Counseling Act”.

4 **SEC. 2. ESTABLISHMENT OF OFFICE OF HOUSING COUN-**
5 **SELING.**

6 Section 4 of the Department of Housing and Urban
7 Development Act (42 U.S.C. 3533) is amended by adding
8 at the end the following new subsection:

9 “(g) OFFICE OF HOUSING COUNSELING.—

10 “(1) ESTABLISHMENT.—There is established,
11 in the Office of the Secretary, the Office of Housing
12 Counseling.

13 “(2) DIRECTOR.—There is established the posi-
14 tion of Director of Housing Counseling. The Direc-
15 tor shall be the head of the Office of Housing Coun-
16 seling and shall be appointed by the Secretary. Such
17 position shall be a career reserved position in the
18 Senior Executive Service.

19 “(3) FUNCTIONS.—

20 “(A) IN GENERAL.—The Director shall
21 have ultimate responsibility within the Depart-
22 ment, except for the Secretary, for all activities
23 and matters relating to homeownership coun-
24 seling and rental housing counseling, includ-
25 ing—

1 “(i) research, grant administration,
2 public outreach, and policy development re-
3 lating to such counseling; and

4 “(ii) establishment, coordination, and
5 administration of all regulations, require-
6 ments, standards, and performance meas-
7 ures under programs and laws adminis-
8 tered by the Department that relate to
9 housing counseling, homeownership coun-
10 seling (including maintenance of homes),
11 mortgage-related counseling (including
12 home equity conversion mortgages and
13 credit protection options to avoid fore-
14 closure), and rental housing counseling, in-
15 cluding the requirements, standards, and
16 performance measures relating to housing
17 counseling.

18 “(B) SPECIFIC FUNCTIONS.—The Director
19 shall carry out the functions assigned to the Di-
20 rector and the Office under this section and any
21 other provisions of law. Such functions shall in-
22 clude establishing rules necessary—

23 “(i) for the counseling procedures
24 under section 106(h)(1) of the Housing

1 and Urban Development Act of 1968 (12
2 U.S.C. 1701x(h)(1));

3 “(ii) carrying out all other functions
4 of the Secretary under section 106(h) of
5 the Housing and Urban Development Act
6 of 1968, including the establishment, oper-
7 ation, and publication of the availability of
8 the toll-free telephone number under para-
9 graph (2) of such section;

10 “(iii) carrying out section 5 of the
11 Real Estate Settlement Procedures Act of
12 1974 (12 U.S.C. 2604) for mortgage infor-
13 mation booklets prepared pursuant to such
14 section;

15 “(iv) carrying out the certification
16 program under section 106(e) of the Hous-
17 ing and Urban Development Act of 1968
18 (12 U.S.C. 1701x(e));

19 “(v) carrying out the assistance pro-
20 gram under section 106(a)(4) of the Hous-
21 ing and Urban Development Act of 1968,
22 including criteria for selection of applica-
23 tions to receive assistance;

24 “(vi) carrying out any functions re-
25 garding predatory and unscrupulous lend-

1 ing practices relating to residential mort-
2 gage loans that the Secretary considers ap-
3 propriate, which shall include conducting
4 the study under section 6 of the Expand-
5 ing Housing Opportunities Through Edu-
6 cation and Counseling Act;

7 “(vii) providing for operation of the
8 advisory committee established under para-
9 graph (4) of this subsection; and

10 “(viii) collaborating with community-
11 based organizations with expertise in the
12 field of housing counseling.

13 “(4) ADVISORY COMMITTEE.—

14 “(A) IN GENERAL.—The Secretary shall
15 appoint an advisory committee to provide advice
16 and oversight regarding the carrying out of the
17 functions of the Director.

18 “(B) MEMBERS.—Such advisory committee
19 shall consist of not more than 12 individuals,
20 and the membership of the committee shall
21 equally represent all aspects of the mortgage
22 and real estate industry, including consumers.

23 “(C) TERMS.—Except as provided in sub-
24 paragraph (D), each member of the advisory
25 committee shall be appointed for a term of

1 three years. Members may be reappointed at
2 the discretion of the Secretary.

3 “(D) TERMS OF INITIAL APPOINTEES.—As
4 designated by the Secretary at the time of ap-
5 pointment, of the members first appointed to
6 the advisory committee, four shall be appointed
7 for a term of one year and four shall be ap-
8 pointed for a term of two years.

9 “(E) PROHIBITION OF PAY; TRAVEL EX-
10 PENSES.—Members of the advisory committee
11 shall serve without pay, but shall receive travel
12 expenses, including per diem in lieu of subsist-
13 ence, in accordance with applicable provisions
14 under subchapter I of chapter 57 of title 5,
15 United States Code.

16 “(5) SCOPE OF HOMEOWNERSHIP COUN-
17 SELING.—In carrying out the responsibilities of the
18 Director, the Director shall ensure that homeowner-
19 ship counseling provided by, in connection with, or
20 pursuant to any function, activity, or program of the
21 Department addresses the entire process of home-
22 ownership, including the decision to purchase a
23 home, the selection and purchase of a home, issues
24 arising during or affecting the period of ownership
25 of a home (including refinancing, default and fore-

1 closure, and other financial decisions), and the sale
 2 or other disposition of a home.”.

3 **SEC. 3. COUNSELING PROCEDURES.**

4 (a) IN GENERAL.—Section 106 of the Housing and
 5 Urban Development Act of 1968 (12 U.S.C. 1701x), as
 6 amended by the preceding provisions of this Act, is further
 7 amended by adding at the end the following new sub-
 8 section:

9 “(h) PROCEDURES AND ACTIVITIES.—

10 “(1) COUNSELING PROCEDURES.—

11 “(A) IN GENERAL.—The Secretary shall
 12 establish, coordinate, and monitor the adminis-
 13 tration by the Department of Housing and
 14 Urban Development of the counseling proce-
 15 dures for homeownership counseling and rental
 16 housing counseling provided in connection with
 17 any program of the Department, including all
 18 requirements, standards, and performance
 19 measures that relate to homeownership and
 20 rental housing counseling.

21 “(B) HOMEOWNERSHIP COUNSELING.—

22 For purposes of this subsection and as used in
 23 the provisions referred to in this subparagraph,
 24 the term ‘homeownership counseling’ means
 25 counseling related to homeownership and resi-

dential mortgage loans. Such term includes counseling related to homeownership and residential mortgage loans that is provided pursuant to—

“(i) section 105(a)(20) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(a)(20));

“(ii) in the United States Housing Act of 1937—

“(I) section 9(e) (42 U.S.C. 1437g(e));

“(II) section 8(y)(1)(D) (42 U.S.C. 1437f(y)(1)(D));

“(III) section 18(a)(4)(D) (42 U.S.C. 1437p(a)(4)(D));

“(IV) section 23(c)(4) (42 U.S.C. 1437u(c)(4));

“(V) section 32(e)(4) (42 U.S.C. 1437z-4(e)(4));

“(VI) section 33(d)(2)(B) (42 U.S.C. 1437z-5(d)(2)(B));

“(VII) sections 302(b)(6) and 303(b)(7) (42 U.S.C. 1437aaa-1(b)(6), 1437aaa-2(b)(7)); and

1 “(VIII) section 304(c)(4) (42
2 U.S.C. 1437aaa–3(c)(4));

3 “(iii) section 302(a)(4) of the Amer-
4 ican Homeownership and Economic Oppor-
5 tunity Act of 2000 (42 U.S.C. 1437f note);

6 “(iv) sections 233(b)(2) and 258(b) of
7 the Cranston-Gonzalez National Affordable
8 Housing Act (42 U.S.C. 12773(b)(2),
9 12808(b));

10 “(v) this section and section 101(e) of
11 the Housing and Urban Development Act
12 of 1968 (12 U.S.C. 1701x, 1701w(e));

13 “(vi) section 220(d)(2)(G) of the Low-
14 Income Housing Preservation and Resident
15 Homeownership Act of 1990 (12 U.S.C.
16 4110(d)(2)(G));

17 “(vii) sections 422(b)(6), 423(b)(7),
18 424(c)(4), 442(b)(6), and 443(b)(6) of the
19 Cranston-Gonzalez National Affordable
20 Housing Act (42 U.S.C. 12872(b)(6),
21 12873(b)(7), 12874(c)(4), 12892(b)(6),
22 and 12893(b)(6));

23 “(viii) section 491(b)(1)(F)(iii) of the
24 McKinney-Vento Homeless Assistance Act
25 (42 U.S.C. 11408(b)(1)(F)(iii));

“(ix) sections 202(3) and
810(b)(2)(A) of the Native American
Housing and Self-Determination Act of
1996 (25 U.S.C. 4132(3), 4229(b)(2)(A));

“(x) in the National Housing Act—

“(I) in section 203 (12 U.S.C.
1709), the penultimate undesignated
paragraph of paragraph (2) of sub-
section (b), subsection (c)(2)(A), and
subsection (r)(4);

“(II) subsections (a) and (c)(3)
of section 237 (12 U.S.C. 1715z-2);
and

“(III) subsections (d)(2)(B) and
(m)(1) of section 255 (12 U.S.C.
1715z-20);

“(xi) section 502(h)(4)(B) of the
Housing Act of 1949 (42 U.S.C.
1472(h)(4)(B)); and

“(xii) section 508 of the Housing and
Urban Development Act of 1970 (12
U.S.C. 1701z-7).

“(C) RENTAL HOUSING COUNSELING.—

For purposes of this subsection, the term ‘rent-
al housing counseling’ means counseling related

1 to rental of residential property, which may in-
2 clude counseling regarding future homeowner-
3 ship opportunities and providing referrals for
4 renters and prospective renters to entities pro-
5 viding counseling and shall include counseling
6 related to such topics that is provided pursuant
7 to—

8 “(i) section 105(a)(20) of the Housing
9 and Community Development Act of 1974
10 (42 U.S.C. 5305(a)(20));

11 “(ii) in the United States Housing
12 Act of 1937—

13 “(I) section 9(e) (42 U.S.C.
14 1437g(e));

15 “(II) section 18(a)(4)(D) (42
16 U.S.C. 1437p(a)(4)(D));

17 “(III) section 23(c)(4) (42
18 U.S.C. 1437u(c)(4));

19 “(IV) section 32(e)(4) (42 U.S.C.
20 1437z-4(e)(4));

21 “(V) section 33(d)(2)(B) (42
22 U.S.C. 1437z-5(d)(2)(B)); and

23 “(VI) section 302(b)(6) (42
24 U.S.C. 1437aaa-1(b)(6));

1 “(iii) section 233(b)(2) of the Cran-
2 ston-Gonzalez National Affordable Housing
3 Act (42 U.S.C. 12773(b)(2));

4 “(iv) section 106 of the Housing and
5 Urban Development Act of 1968 (12
6 U.S.C. 1701x);

7 “(v) section 422(b)(6) of the Cran-
8 ston-Gonzalez National Affordable Housing
9 Act (42 U.S.C. 12872(b)(6));

10 “(vi) section 491(b)(1)(F)(iii) of the
11 McKinney-Vento Homeless Assistance Act
12 (42 U.S.C. 11408(b)(1)(F)(iii));

13 “(vii) sections 202(3) and
14 810(b)(2)(A) of the Native American
15 Housing and Self-Determination Act of
16 1996 (25 U.S.C. 4132(3), 4229(b)(2)(A));
17 and

18 “(viii) the rental assistance program
19 under section 8 of the United States Hous-
20 ing Act of 1937 (42 U.S.C. 1437f).

21 “(2) TOLL-FREE TELEPHONE NUMBER AND
22 WEB SITE.—The Secretary shall provide for the es-
23 tablishment, operation, and publication of a lan-
24 guage-appropriate toll-free telephone number and a
25 World Wide Web site through which persons inter-

1 ested in homeownership or rental housing counseling
2 services may locate and obtain names and contact
3 information of persons and organizations certified
4 under section 106(e) of the Housing and Urban De-
5 velopment Act of 1968 to provide such services.

6 “(3) STANDARDS FOR MATERIALS.—The Sec-
7 retary, in conjunction with the advisory committee
8 established under subsection (g)(4), shall establish
9 standards for materials and forms to be used, as ap-
10 propriate, by organizations providing homeownership
11 counseling services, including any recipients of as-
12 sistance pursuant to subsection (a)(4).

13 “(4) MORTGAGE SOFTWARE SYSTEMS.—

14 “(A) CERTIFICATION.—The Secretary shall
15 provide for the certification of various computer
16 software programs for consumers to use in eval-
17 uating different residential mortgage loan pro-
18 posals. The Secretary shall require, for such
19 certification, that the mortgage software sys-
20 tems that take into account—

21 “(i) the consumer’s financial situation
22 and the cost of maintaining a home, in-
23 cluding insurance, taxes, and utilities;

1 “(ii) the amount of time the consumer
2 expects to remain in the home or expected
3 time to maturity of the loan;

4 “(iii) such other factors as the Sec-
5 retary considers appropriate to assist the
6 consumer in evaluating whether to pay
7 points, to lock in an interest rate, to select
8 an adjustable or fixed rate loan, to select
9 a conventional or government-insured or
10 guaranteed loan and to make other choices
11 during the loan application process.

12 If the Secretary determines that available exist-
13 ing software is inadequate to assist consumers
14 during the residential mortgage loan application
15 process, the Secretary shall arrange for the de-
16 velopment by private sector software companies
17 of new mortgage software systems that meet
18 the Secretary’s specifications.

19 “(B) USE AND INITIAL AVAILABILITY.—
20 Such certified computer software programs
21 shall be used to supplement, not replace, hous-
22 ing counseling. The Secretary shall provide that
23 such programs are initially used only in connec-
24 tion with the assistance of housing counselors
25 certified pursuant to subsection (e).

1 “(C) AVAILABILITY.—After a period of ini-
2 tial availability under subparagraph (B) as the
3 Secretary considers appropriate, the Secretary
4 shall take reasonable steps to make mortgage
5 software systems certified pursuant to this
6 paragraph widely available through the Internet
7 and at public locations, including public librar-
8 ies, senior-citizen centers, public housing sites,
9 offices of public housing agencies that admin-
10 ister rental housing assistance vouchers, and
11 housing counseling centers.

12 “(5) OUTREACH TO VULNERABLE POPU-
13 LATIONS.—The Secretary shall develop a multimedia
14 outreach program designed to make elderly persons,
15 persons who face language barriers, low-income per-
16 sons, and other potentially vulnerable consumers
17 aware that it is advisable, before seeking a residen-
18 tial mortgage loan, to obtain homeownership coun-
19 seling from an unbiased and reliable source and that
20 such homeownership counseling is available, includ-
21 ing through programs of the Department of Housing
22 and Urban Development.

23 “(6) EDUCATION PROGRAMS.—The Secretary
24 shall provide advice and technical assistance to
25 States, units of general local government, and non-

1 profit organizations regarding the establishment and
2 operation of, including assistance with the develop-
3 ment of content and materials for, educational pro-
4 grams to inform and educate consumers, particularly
5 those most vulnerable with respect to residential
6 mortgage loans (such as elderly persons, persons
7 facing language barriers, low-income persons, and
8 other potentially vulnerable consumers), regarding
9 home mortgages, mortgage refinancing, home equity
10 loans, and home repair loans.”.

11 (b) CONFORMING AMENDMENTS TO GRANT PRO-
12 GRAM FOR HOMEOWNERSHIP COUNSELING ORGANIZA-
13 TIONS.—Section 106(c)(5)(A)(ii) of the Housing and
14 Urban Development Act of 1968 (12 U.S.C.
15 1701x(c)(5)(A)(ii)) is amended—

16 (1) in subclause (II), by striking “and” at the
17 end;

18 (2) in subclause (III) by striking the period at
19 the end and inserting “; and”; and

20 (3) by inserting after subclause (III) the fol-
21 lowing new subclause:

22 “(IV) notify the Housing or
23 mortgage applicant of the availability
24 of mortgage software systems pro-
25 vided pursuant to subsection (h)(4).”.

1 **SEC. 4. GRANTS FOR HOUSING COUNSELING ASSISTANCE.**

2 Section 106(a) of the Housing and Urban Develop-
3 ment Act of 1968 (12 U.S.C. 1701x(a)(3)) is amended
4 by adding at the end the following new paragraph:

5 “(4) HOMEOWNERSHIP AND RENTAL COUNSELING
6 ASSISTANCE.—

7 “(A) IN GENERAL.—The Secretary shall make
8 financial assistance available under this paragraph
9 to States, units of general local governments, non-
10 profit organizations and other entities providing
11 homeownership or rental counseling (as such terms
12 are defined in subsection (h)(1)).

13 “(B) QUALIFIED ENTITIES.—The Secretary
14 shall establish standards and guidelines for eligibility
15 of organizations (including governmental and non-
16 profit organizations) to receive assistance under this
17 paragraph.

18 “(C) DISTRIBUTION.—Assistance made avail-
19 able under this paragraph shall be distributed in a
20 manner that encourages efficient and successful
21 counseling programs.

22 “(D) AUTHORIZATION OF APPROPRIATIONS.—
23 There are authorized to be appropriated
24 \$45,000,000 for each of fiscal years 2004 through
25 2007 for—

1 “(i) the operations of the Office of Hous-
 2 ing Counseling of the Department of Housing
 3 and Urban Development;

4 “(ii) the responsibilities of the Secretary
 5 under paragraphs (2) through (6) of subsection
 6 (h); and

7 “(ii) assistance pursuant to this paragraph
 8 for entities providing homeownership and rental
 9 counseling.”.

10 **SEC. 5. REQUIREMENTS TO USE HUD-CERTIFIED COUN-**
 11 **SELORS UNDER HUD PROGRAMS.**

12 Section 106(e) of the Housing and Urban Develop-
 13 ment Act of 1968 (12 U.S.C. 1701x(e)) is amended—

14 (1) by striking paragraph (1) and inserting the
 15 following new paragraph:

16 “(1) REQUIREMENT FOR ASSISTANCE.—An or-
 17 ganization may not receive assistance for counseling
 18 activities under subsection (a)(1)(iii), (a)(2), (a)(4),
 19 (c), or (d) of this section, or under section 101(e),
 20 unless the organization, or the individuals through
 21 which the organization provides such counseling, has
 22 been certified by the Secretary under this subsection
 23 as competent to provide such counseling.”;

24 (2) in paragraph (2)—

1 (A) by inserting “and for certifying organi-
2 zations” before the period at the end of the
3 first sentence; and

4 (B) in the second sentence by striking “for
5 certification” and inserting “, for certification
6 of an organization, that each individual through
7 which the organization provides counseling shall
8 demonstrate, and, for certification of an indi-
9 vidual,”;

10 (3) in paragraph (3), by inserting “organiza-
11 tions and” before “individuals”;

12 (4) by redesignating paragraph (3) as para-
13 graph (5); and

14 (5) by inserting after paragraph (2) the fol-
15 lowing new paragraphs:

16 “(3) REQUIREMENT UNDER HUD PROGRAMS.—
17 Any homeownership counseling or rental housing
18 counseling (as such terms are defined in subsection
19 (h)(1)) required under, or provided in connection
20 with, any program administered by the Department
21 of Housing and Urban Development shall be pro-
22 vided only by organizations or counselors certified by
23 the Secretary under this subsection as competent to
24 provide such counseling.

1 “(4) OUTREACH.—The Secretary shall take
2 such actions as the Secretary considers appropriate
3 to ensure that individuals and organizations pro-
4 viding homeownership or rental housing counseling
5 are aware of the certification requirements and
6 standards of this subsection and of the training and
7 certification programs under subsection (f).”.

8 **SEC. 6. STUDY OF DEFAULTS AND FORECLOSURES.**

9 The Secretary of Housing and Urban Development
10 shall conduct an extensive study of the root causes of de-
11 fault and foreclosure of home loans, using as much empir-
12 ical data as are available. Not later than 12 months after
13 the Director of Housing Counseling of the Department of
14 Housing and Urban Development is first appointed, the
15 Secretary shall submit to the Congress a preliminary re-
16 port regarding the study. Not later than 24 months after
17 such date of appointment, the Secretary shall submit a
18 final report regarding the results of the study, which shall
19 include any recommended legislation relating to the study
20 and recommendations for best practices and for a process
21 to identify populations that need counseling the most.

22 **SEC. 7. DEFINITIONS FOR COUNSELING-RELATED PRO-**
23 **GRAMS.**

24 Section 106 of the Housing and Urban Development
25 Act of 1968 (12 U.S.C. 1701x), as amended by the pre-

ceding provisions of this Act, is further amended by adding at the end the following new subsection:

“(i) DEFINITIONS.—For purposes of this section:

“(1) NONPROFIT ORGANIZATION.—The term ‘nonprofit organization’ has the meaning given such term in section 104(5) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704(5)), except that subparagraph (D) of such section shall not apply for purposes of this section.

“(2) STATE.—The term ‘State’ means each of the several States, the Commonwealth of Puerto Rico, the District of Columbia, the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa, the Trust Territories of the Pacific, or any other possession of the United States.

“(3) UNIT OF GENERAL LOCAL GOVERNMENT.—The term ‘unit of general local government’ means any city, town, township, parish, village, or other general purpose political subdivision of a State.”.

SEC. 8. UPDATING AND SIMPLIFICATION OF MORTGAGE INFORMATION BOOKLET.

Section 5 of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2604) is amended—

1 (1) in the section heading, by striking “special”
2 and inserting “mortgage”;

3 (2) by striking subsections (a) and (b) and in-
4 serting the following new subsections:

5 “(a) PREPARATION AND DISTRIBUTION.—The Sec-
6 retary shall prepare a booklet to help consumers applying
7 for federally related mortgage loans to understand the na-
8 ture and costs of real estate settlement services. The Sec-
9 retary shall prepare the booklet in various languages and
10 cultural styles, as the Secretary determines to be appro-
11 priate, so that the booklet is understandable and accessible
12 to homebuyers of different ethnic and cultural back-
13 grounds. The Secretary shall distribute such booklets to
14 all lenders that make federally related mortgage loans.
15 The Secretary shall also distribute to such lenders lists,
16 organized by location, of homeownership counselors cer-
17 tified under section 106(e) of the Housing and Urban De-
18 velopment Act of 1968 (12 U.S.C. 1701x(e)) for use in
19 complying with the requirement under subsection (c) of
20 this section.

21 “(b) CONTENTS.—Each booklet shall be in such form
22 and detail as the Secretary shall prescribe and, in addition
23 to such other information as the Secretary may provide,
24 shall include in plain and understandable language the fol-
25 lowing information:

1 “(1) A description and explanation of the na-
2 ture and purpose of the costs incident to a real es-
3 tate settlement or a federally related mortgage loan.
4 The description and explanation shall provide gen-
5 eral information about the mortgage process as well
6 as specific information concerning, at a minimum—

7 “(A) balloon payments;

8 “(B) prepayment penalties; and

9 “(C) the trade-off between closing costs
10 and the interest rate over the life of the loan.

11 “(2) An explanation and sample of the uniform
12 settlement statement required by section 4.

13 “(3) A list and explanation of lending practices,
14 including those prohibited by the Truth in Lending
15 Act or other applicable Federal law, and of other un-
16 fair practices and unreasonable or unnecessary
17 charges to be avoided by the prospective buyer with
18 respect to a real estate settlement.

19 “(4) A list and explanation of questions a con-
20 sumer obtaining a federally related mortgage loan
21 should ask regarding the loan, including whether the
22 consumer will have the ability to repay the loan,
23 whether the consumer sufficiently shopped for the
24 loan, whether the loan terms include prepayment

1 penalties or balloon payments, and whether the loan
2 will benefit the borrower.

3 “(5) An explanation of the right of rescission as
4 to certain transactions provided by sections 125 and
5 129 of the Truth in Lending Act (15 U.S.C. 1635,
6 1639).

7 “(6) A brief explanation of the nature of a vari-
8 able rate mortgage and a reference to the booklet
9 entitled ‘Consumer Handbook on Adjustable Rate
10 Mortgages’, published by the Board of Governors of
11 the Federal Reserve System pursuant to section
12 226.19(b)(1) of title 12, Code of Federal Regula-
13 tions, or to any suitable substitute of such booklet
14 that such Board of Governors may subsequently
15 adopt pursuant to such section.

16 “(7) A brief explanation of the nature of a
17 home equity line of credit and a reference to the
18 pamphlet required to be provided under section
19 127A of the Truth in Lending Act (15 U.S.C.
20 1637a(e)).

21 “(8) Information about homeownership coun-
22 seling services made available pursuant to section
23 106(a)(4) of the Housing and Urban Development
24 Act of 1968 (12 U.S.C. 1701x(a)(4)), a rec-
25 ommendation that the consumer use such services,

1 and notification that a list of certified providers of
2 homeownership counseling in the area, and their
3 contact information, is provided with the booklet.

4 “(9) An explanation of the nature and purpose
5 of escrow accounts when used in connection with
6 loans secured by residential real estate and the re-
7 quirements under section 10 of this Act regarding
8 such accounts.

9 “(10) An explanation of the choices available to
10 buyers of residential real estate in selecting persons
11 to provide necessary services incident to a real estate
12 settlement.

13 “(11) An explanation of a consumer’s respon-
14 sibilities, liabilities, and obligations in a mortgage
15 transaction.

16 “(12) An explanation of the nature and purpose
17 of real estate appraisals, including the difference be-
18 tween an appraisal and a home inspection.

19 “(13) Notice that the Office of Housing of the
20 Department of Housing and Urban Development has
21 made publicly available a brochure regarding loan
22 fraud and a World Wide Web address for obtaining
23 the brochure.

24 The booklet prepared pursuant to this section shall take
25 into consideration differences in real estate settlement pro-

1 cedures which may exist among the several States and ter-
2 ritories of the United States and among separate political
3 subdivisions within the same State and territory.”;

4 (3) in subsection (c), by striking the last sen-
5 tence and inserting the following new sentence:

6 “Each lender shall also include with the booklet a
7 list of homeownership counselors who are certified
8 pursuant to section 106(e) of the Housing and
9 Urban Development Act of 1968 (12 U.S.C.
10 1701x(e)) and located in the area of the lender.”;

11 and

12 (4) in subsection (d), by inserting after the pe-
13 riod at the end of the first sentence the following:

14 “The lender shall provide the booklet in the version
15 that is most language- and culturally-appropriate for
16 the person receiving it.”.

○